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THE NEW REDPATH CANE SUGAR REFINERY AT TORONTO, IN THE HEART OF THE ONTARIO MARKET

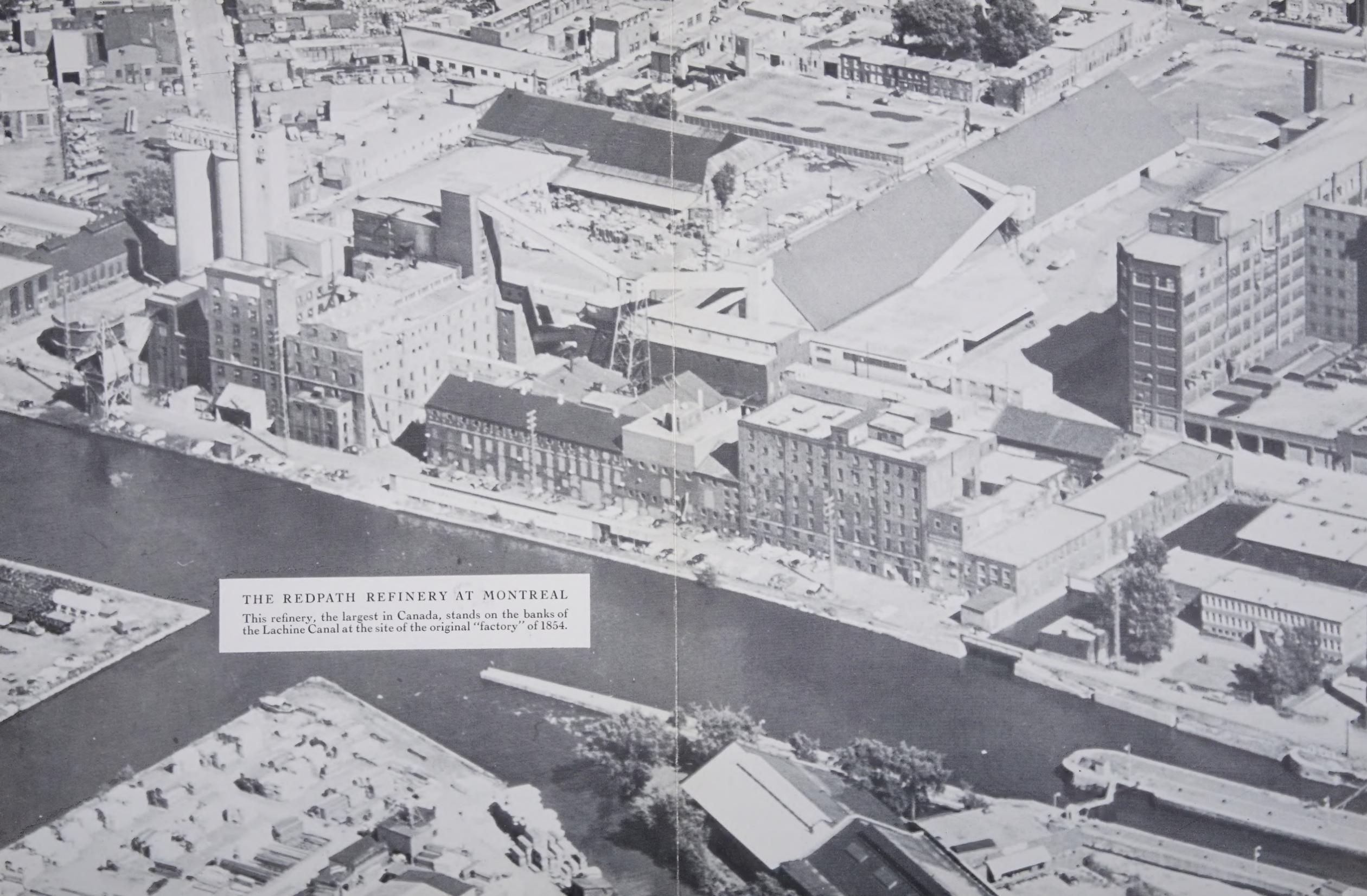
**CANADA AND DOMINION SUGAR COMPANY
LIMITED**

APR 12 1961

A Review for Investors

DOMINION SECURITIES CORPORATION LIMITED

Established 1901



THE REDPATH REFINERY AT MONTREAL

This refinery, the largest in Canada, stands on the banks of the Lachine Canal at the site of the original "factory" of 1854.



HER MAJESTY THE QUEEN AT THE TORONTO REFINERY

Construction of the new refinery at Toronto began in the Spring of 1957 and production started in May, 1959. It is the only cane sugar refinery in Ontario. Her Majesty The Queen and H.R.H. The Duke of Edinburgh were the first official visitors to the refinery on their tour of Canada in June, 1959.

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The Redpath Refinery of 1854: "The largest factory of Montreal....". In the background can be seen the City of Montreal as it appeared at the time, with the twin towers of Notre Dame Church on the skyline.



The new Redpath Refinery, completed in 1959 on Toronto's Seaway harbourfront. Beyond the refinery stands the main financial and business section of Toronto, including, at centre, the Canadian Bank of Commerce, the highest building in the British Commonwealth, and at the left the Royal York Hotel, largest hotel in the British Commonwealth.

CANADA AND DOMINION SUGAR COMPANY LIMITED

SUMMARY

Refined sugar is one of the basic foods in the modern diet, being consumed daily, in one form or another, by almost everyone. Canada and Dominion Sugar Company is the largest manufacturer of refined sugar in Canada. It supplies over 40% of the refined sugar consumed in Ontario, Quebec, and the Maritime Provinces, an area containing about 13, 250, 000 people, over 70% of Canada's population. The refining potential of Canada and Dominion Sugar is greater than that of the rest of the industry in Eastern Canada combined.

As the largest single source of refined sugar for Eastern Canada, Canada and Dominion Sugar is one of the most important organizations in the Canadian food industry, and indeed, a vital unit in the Canadian economy.

Canada and Dominion is also one of the most long-established Canadian concerns, and has held its leading position for over 107 years. The founder of the business, John Redpath, built the first refinery in Canada in 1854, 14 years before Confederation, and seven years before the American Civil War. It was then referred to as "the largest factory of Montreal".

In 1959, with the construction of the St. Lawrence Seaway, Canada and Dominion Sugar built the first cane sugar refinery in Ontario. The new plant is an imposing landmark on the Toronto harbour side, and, with the Seaway, has brought basic changes to the sugar industry in Ontario.

Competitive Advantages

During the period 1950 to 1960, Canada and Dominion Sugar invested over \$23, 000, 000 in new plant and equipment. The Montreal refinery was enlarged and completely modernized. It remains the largest sugar refinery in Canada, with a capacity of about 2, 500, 000 lbs. of refined sugar daily. This refinery, which had been melting above its rated capacity, has now been released to serve the expanding requirements of Montreal and eastern areas, following completion of the new refinery at Toronto.

The Toronto refinery, the first and only cane sugar refinery in Ontario, and the only cane sugar refinery between Montreal and Vancouver, gives the Company strong competitive advantages for expansion of sales in the rich Ontario market. It is also strategically placed to take advantage of bulk raw sugar shipments through the St. Lawrence Seaway direct to the refinery dock.

The new refinery is highly automated and incorporates the most advanced refining processes. It has been designed to permit a very substantial increase in refining capacity as the market grows.

The "Redpath" and "Dominion" brands of Canada and Dominion Sugar have been household names to Canadians for generations. Sales have literally grown with Canada. The Company's long-established position forms a solid foundation for future expansion of sales and profits.

SUMMARY (cont'd)

Financial History

In the perspective of the Company's long history, Canada and Dominion Sugar Company's financial record deserves recognition for its very exceptional stability, combined with long-term growth.

Earnings

The Company has had net earnings approximating at least **\$1 million in every year of the thirty years** since the present organization was formed in 1930, including depression years and war years, with the sole exception of the fiscal year ended March 31, 1960. In the ten fiscal periods 1949-1959 annual net earnings averaged \$1,930,000 or \$1.25 per present common share. Cash flow averaged \$2,918,000, or \$1.88 per share.

Dividends

Canada and Dominion Sugar has paid **four quarterly dividends in every year since 1930, without interruption in any year**. During this thirty-year period there have been 9 dividend increases. The only reduction in dividends occurred during the war years, 1942-1945, and in the 1960 fiscal year, when the indicated annual dividend was reduced from \$1.20 to 60¢ per share.

Working Capital

Working capital was maintained in excess of \$10 million in every year from 1935 to 1959. At March 31, 1960, working capital stood at about \$7 million, having declined as a result of expenditures for construction and reduced income in the period 1959-1960. However, with greatly improved operating results, working capital rose by over a million dollars to \$8,144,000 in the six months ended September 30th 1960.

Events, 1959-60

In 1959, Canada and Dominion Sugar recorded the only loss in its history, and the first occasion on which net earnings had ever been reduced below the \$1 million level. Principal causes of these financial results were:

- The purchase of a very substantial quantity of raw sugar at prices which caused heavy losses to the Company when a sharp fall occurred in "world" sugar prices.
- Uneconomic conditions in the production of beet sugar in Western Ontario.
- Increased depreciation charges in connection with the Toronto refinery which were not offset by increased revenues in the 1960 fiscal year.

RECOVERY AND PROGRESS

New Management

Tate & Lyle, Limited, of London, England, has been associated with Canada and Dominion Sugar for many years, and in October, 1959, held an investment interest of about 12% in the Company. Having considered the factors involved, (See Page 7) in October, 1959, Tate & Lyle made an offer of \$25 per share for 50% of the holdings of the other shareholders. The offer was approved by the Directors of Canada and Dominion Sugar, and accepted by a large majority of shareholders. As a result, Tate & Lyle purchased, in November 1959, 676,435 shares at \$25, being about 44% of the outstanding shares.

In February, 1960, Mr. W. J. McGregor, former President of the Company, retired and was replaced as President by the Hon. G. B. Foster, Q.C., of Montreal, who had been a member of the Board of Directors for 26 years. Other extensive changes also occurred in the Board of Directors and the Officers of the Company.

Mr. J. O. Whitmee, a senior Director of Tate & Lyle, Limited, was elected to the Board of Canada and Dominion Sugar in February 1960 and was appointed Managing Director of the Company. Mr. Whitmee has had over 30 years experience in the sugar industry. He is now resident in Canada and is actively directing the operations of the Company.

New Policies

Following acquisition of control by Tate & Lyle and the change of management, Canada and Dominion Sugar made basic changes in certain policies:

Purchases and Inventories of Raw Sugar

By arrangement with its raw sugar suppliers, Canada and Dominion now purchase all but a relatively minor portion of its raw sugar *as and when it sells refined sugar*. Purchases are then made at world market prices. By adoption of this "base stock" system, the Company's results will in future be a direct reflection of its sugar refining operations, which have formed the basis for its normal profits in the past. (See Page 5).

Canada and Dominion Sugar purchases very little sugar from Cuba. For a number of years about 85% of the Company's requirements of raw sugar have been bought from Commonwealth countries, principally in the British West Indies.

Sugar Beet Operations

For a long period Canada and Dominion Sugar's factories in Southwestern Ontario have provided a market for the sugar beets grown in that area. Declining world sugar prices have tended to discourage beet farming and to make the industry uneconomic. However, the Company reports a marked improvement in 1960 beet operations (when it operated Chatham plant only) compared to 1959. The Company has just completed discussions with Federal and Provincial Governments (reported in fuller detail on Page 19,) which should permit even more efficient operation in 1961.

During 1960 the Executive Offices of the Company were moved from Chatham, Ontario, to Montreal. It was felt that, in view of the proportion of the business concerned with refining of raw cane sugar, this step would lead to more efficient running of the Company.

SUMMARY (cont'd)

Future Earnings and Dividend Prospects

Speaking to the annual meeting of Tate & Lyle, Limited in January, 1960, Sir Ian Lyle, Chairman, made the following statement concerning Canada and Dominion Sugar:

"The view that one takes of the value of the business depends entirely on how one assesses its long-term prospects, and in this direction, I have complete confidence. What of course, is in doubt is the time factor. I may sound rather boastful, but I am confident that our management can produce results which will bring the market value up to \$25.00 in a shorter time than anyone else could achieve. And the fruits of our efforts will not only benefit Tate & Lyle, but also Canadian shareholders who have held on to the remainder of their shares."

A substantial improvement in financial results has already become evident since this statement was made. For the six months ended September 30, 1960, operating profits amounted to \$1,628,434, resulting in a net profit of \$728,434 (or \$0.47 per share) after provision of \$900,000 for income taxes. Moreover, only about \$200,000 of these taxes were actually payable in respect of the six-month fiscal period; the balance of \$700,000 being set aside as applicable to future years.

For the six-month fiscal period, cash flow (net profit plus deferred taxes and depreciation) amounted to \$2,122,100 or \$1.37 per share. Dividends for the period were \$465,000 or sixty-four percent of net profit and twenty-two percent of cash flow.

Since operations of Canada and Dominion Sugar fluctuate from season to season, and as the fall, with increased canning and other commercial requirements, normally accounts for about 35 percent of yearly sales, the Company's six month results cannot be taken as directly indicative of the full year's operations. However, they are important evidence of the recovery and progress now being achieved.

Canada and Dominion Sugar has been established for many years as the largest supplier of refined sugar in Canada. It now has, in both Montreal and Toronto, modern, efficient refining facilities, strategically located in growing Eastern Canadian markets, and designed for substantial increases in production at low additional cost. It has the very important benefit and impetus of new management and the advantages of its association with Tate & Lyle, Limited.

We are confident that the new management of Canada and Dominion Sugar, using the many advantages now possessed by the Company, will continue to be successful in achieving results which will substantially benefit all shareholders.

CHANGES IN SUGAR PURCHASING AND INVENTORY POLICY

In 1959, Canada and Dominion Sugar Company Limited recorded the only loss in its history and the first occasion on which earnings had ever been reduced substantially below the \$1 million level. In the annual report for the fiscal year ended March 31, 1960 the Company stated:

"With regard to raw sugar purchases, it is our intention to depart from the method followed in the past which introduced an element of speculation and market risk into the Company's affairs. By adopting the base stock system, the Company's results will in future be a direct reflection of its operations as a sugar producer and refiner and we are confident therefore that the losses due to raw sugar purchases sustained in 1959 will not be repeated."

The important result of the base stock technique is that Canada and Dominion Sugar Company's net income will be governed by the profitability of the Company's efficient refining operations, and will not be affected to any great degree by changes in the "world" price of sugar.

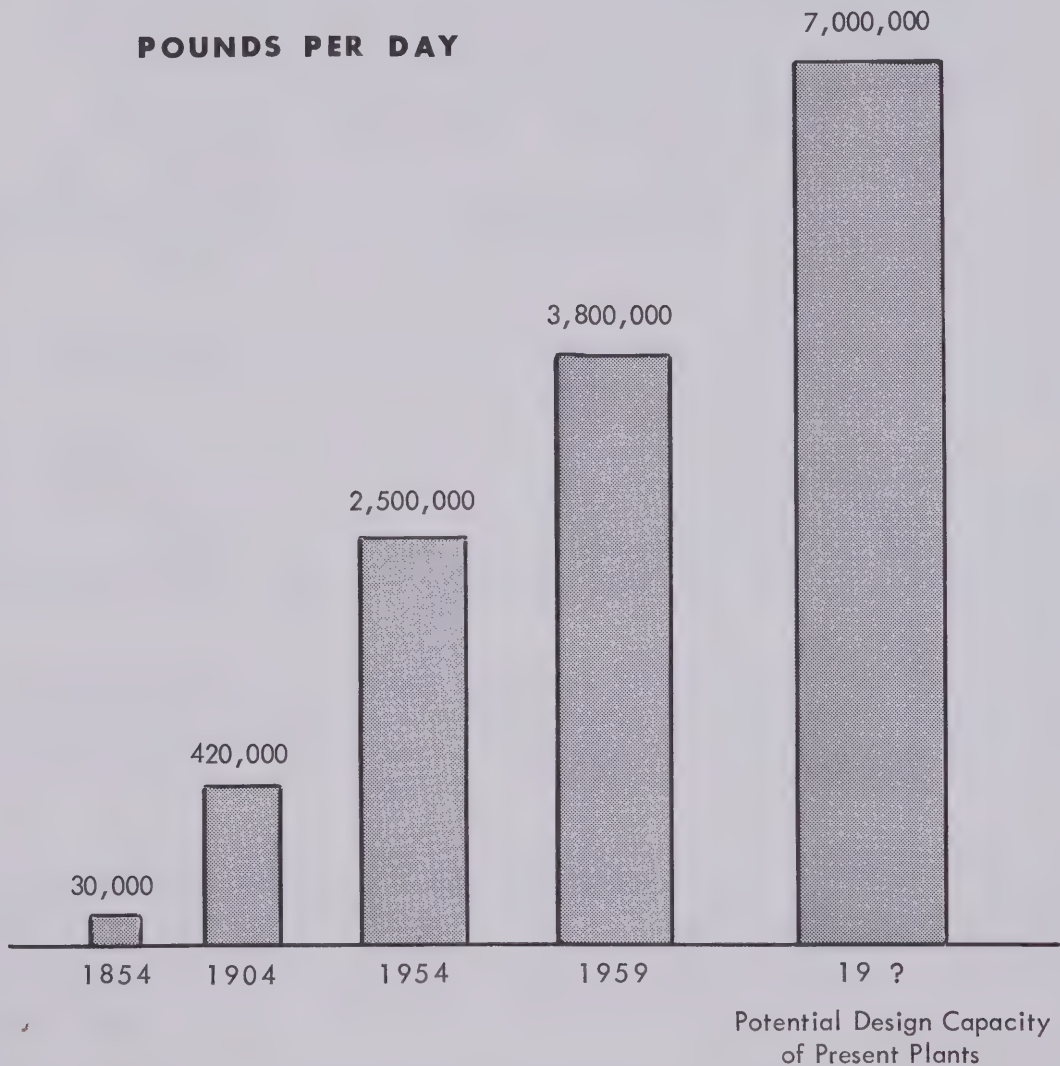
On an average, over the years, Canada and Dominion Sugar has not made a profit on its inventory positions.

The new raw sugar purchasing and inventory system has been made possible by agreements with Canada and Dominion's suppliers, whereby, in effect, the Company buys most of its raw sugar "on consignment." Under the new arrangement, raw sugar is shipped to the Company's bulk storage facilities, but the price is not set until the day it is sold in the form of refined sugar. The price then paid is based on no more or less than the "*world*" price of raw sugar at that date.

This means that the price paid for raw sugar reflects, to a much greater degree, the price at which the Company will be able to sell its refined products. It also means that the Company's profits are based on the profitability of its efficient cane refining facilities and that the "world" price of sugar will have little effect on profits.

Although the new method reduces the Company's inventory to a minimum, it is still necessary to keep a "base stock" of approximately 60,000 tons. This is just sufficient, at most times of the year, to cover the sugar in the process of refining, stocks of refined sugars and a very small supply of raw sugar in the warehouse. However, the value at which Canada and Dominion Sugar now carries this inventory on its books is below its market value, and provides a cushion in the event of any further decline in sugar prices from their present very depressed levels.

Canada and Dominion Sugar Company Limited REFINED CANE SUGAR CAPACITY



ACQUISITION OF CONTROL BY TATE & LYLE, LIMITED

In October, 1959, Tate & Lyle, Limited made a public offer of \$25 per share for 50% of the shares of Canada and Dominion Sugar Company held by other stockholders. Canada and Dominion Sugar Company had already enjoyed a close relationship with Tate & Lyle, largest sugar refiners in the world, for many years, and Tate & Lyle's technical staff played a notable part in the design of the Company's new Toronto refinery.

The following excerpts from the statement by the Chairman of Tate & Lyle, Sir Ian D. Lyle, to the Annual Meeting of Tate & Lyle shareholders in January 1960, provide a clear explanation of Tate & Lyle's purpose in making its offer.

"Canada stands out as the ideal country in which to apply our resources and management know-how. It is within the Commonwealth, it has stable government, and an enormous potential increase in population and therefore in consumption of sugar. As I have reported to you on other occasions, we have been buying Canada and Dominion shares in the open market for the past seven years and at the time of our recent offer the Tate & Lyle group held rather more than twelve percent of all the shares."

MANAGEMENT

"During last summer we found that more and more calls were being made on us both for advice and for personnel. The time was also approaching when a change in the top management would become inevitable. It was also apparent that the new top management would have to come from outside the organization. With a holding of twelve percent, we naturally felt that if anyone was to be brought in to manage the Company, we should prefer to do it ourselves. On the other hand, twelve percent seemed too small a stake in the Company for such a large responsibility and diversion of effort."

"The question therefore arose how best to increase our holding. In deciding to make a public offer for fifty percent of the shares not already held by the Tate & Lyle group, we were influenced by two considerations. First, Bank of England permission to buy the necessary dollars was conditional upon our acquiring legal control of the Company. The size of our offer, therefore, had to be large enough to achieve this. Second, we were advised that public opinion in Canada would look favourably on an offer which left a substantial minority interest in Canadian hands. Thus our minds were made up for us."

TATE & LYLE, LIMITED

Tate & Lyle, Limited, the largest sugar refiners in the world, operate the most important organization in the world sugar industry. The name of Tate & Lyle is a household word in many areas of the British Commonwealth, and represents over a century of experience in sugar. Through its long history, Tate & Lyle has progressively expanded its interests, which now include not only refining and marketing of refined sugar, but also, through associated concerns, cane plantations, shipping, and road transportation services.



Tate & Lyle has emerged from the many new problems of the post-war period and the complexities of the international sugar industry with conspicuous success. In 1949, when the possibility of nationalization hung over the British sugar industry, Tate & Lyle adopted its "Mr. Cube" as a symbol of defiance, and undertook a very astute and effective programme for the protection of the Company and its shareholders. Tate & Lyle's plan had the result that shares of subsidiary companies, which until 1949 had been owned by Tate & Lyle, were distributed to the public. For the most part, these subsidiaries conducted operations overseas.

The newly-issued shares were listed on The Stock Exchange, London. The subsequent performance of the shares of Tate & Lyle, and principal subsidiary companies, is shown below:

	Approx. Value of 1 original share at 1950 High	Approx. Value of 1 original share at market March 9/61 giving effect to "splits"	% Increase in Value	Number of Stock splits 1950-1960	Number of shares now held per 1 original share
Tate & Lyle Limited	\$8.28	\$18.88	128%	3	2 2/3 shares
Silvertown Services Ltd.	\$3.13	\$56.16	1,694%	7	24 shares
Tate & Lyle Investments Ltd.	\$0.80	\$ 2.34	192%	None	1 share
Caroni Ltd.	\$0.45	\$ 0.97	115%	2	1 2/3 shares

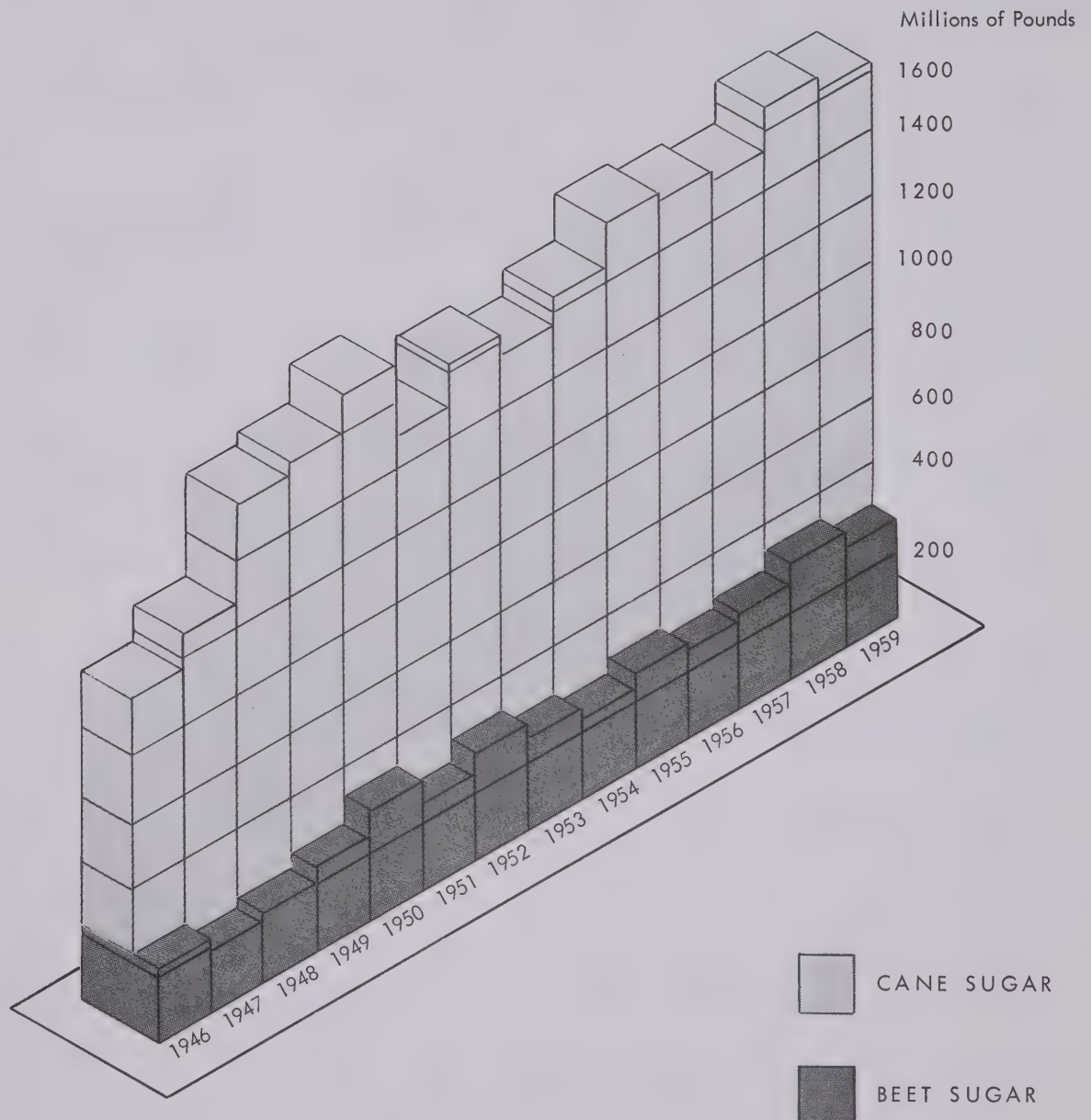
For shareholders of associated companies, as the record indicates, the efforts of Tate & Lyle's management have produced very gratifying results.

SOME MAJOR EVENTS — 1854-1959

In the History of Canada and Dominion Sugar Company Limited and Tate & Lyle, Limited

- 1854 - John Redpath established the first sugar refinery built in Canada at Montreal.
- 1859 - *Henry Tate entered the sugar refining business.*
- 1873 - *Henry Tate & Sons built the Love Lane refinery in Liverpool, England.*
- 1878 - *Henry Tate built the Thames refinery at Silvertown, near London, England.*
- 1885 - Mechanised handling and transport introduced at the Montreal refinery.
- 1894 - *Henry Tate installed the new and efficient Adant process for the manufacture of cube sugar.*
- 1902 - First successful beet sugar factory was established at Wallaceburg, Ontario.
- 1904 - Sugar refining capacity reached 420,000 lbs. daily at the Montreal refinery with a staff of 510 men.
- 1908 - A new refinery was built on the old site in Montreal, increasing capacity to 1,000,000 lbs. of refined sugar per day.
- 1930 - The cane sugar refining operations of "Canada Sugar Refining Company" merged with beet sugar business of "Dominion Sugar Company, Limited" to form "Canada and Dominion Sugar Company, Limited.
- 1948 - First to offer liquid sugar (a 67% sugar solution in water) to bulk users.
- 1952 - Montreal refinery enlarged and modernized to 2,500,000 lbs. of refined sugar per day, becoming the largest sugar refinery in Canada.
- 1955 - First company in North America to substantially reduce handling and transportation costs by importing raw cane sugar in bulk.
- 1955 - First to distribute granulated sugar in bulk form by truck and railway car.
- 1959 - First to establish a cane sugar refinery in central Canada to take advantage of reduced transportation and distribution costs resulting from the opening of the St. Lawrence Seaway.
- 1959 - *Tate & Lyle built the Crystal Plant at Silvertown incorporating a process development by Tate & Lyle for the manufacture of cube sugar.*
- 1959 - *Tate & Lyle acquired 676,435 shares of Canada and Dominion Sugar at \$25 per share through offer to shareholders.*

CANADIAN REFINED SUGAR PRODUCTION



Source: Dominion Bureau of Statistics

SUGAR

Sugar is one of the basic and most essential nutrients in the human diet. It is also one of the most commonly used flavouring mediums. As a carbohydrate in its purest form sugar provides energy for the many human functions as well as releasing protein and fat for body building and vital tissue repair. Sugar's low-calorie, high energy quotient makes it a valuable constituent of every normal diet.

Although everyone is aware of sugar's use as a sweetener, few people realize the vital role it plays in organic chemistry. As an abundant, relatively cheap source of pure carbohydrate, sugar is used as a constituent of chemicals, adhesives, and for many other industrial uses. Its uniform quality, high solubility and low molecular weight are becoming of increasing importance in the organic chemistry field.

GROWTH AND STABILITY OF SUGAR CONSUMPTION

Per capita consumption of refined sugar is remarkably stable from year to year, with a gradual growth trend. In 1945, at the end of World War II Canadian consumption was 75.41 lbs. per capita. In 1950, during the Korean War it rose to 103.50 lbs. per capita. After the Korean War consumption dropped and since that time has stabilized at between 90 and 100 lbs. per person. Latest Dominion Bureau of Statistics figures show a gradual increase in consumption with sales rising from 92.78 lbs. per capita in 1957 to 95.31 lbs. per capita in 1959.

As demand per capita remains remarkably constant it is evident that total demand is closely allied to population increases. Therefore between 1945 and 1959, total sugar production in Canada increased from 980,530,000 lbs. to 1,628,730,000 lbs. or an increase of 66 percent while Canada's population increased from 12,072,000 persons to 17,442,000 persons. (See Chart).

While total yearly per capita demand remains constant to a large extent, sugar sales do vary seasonally, principally due to increased demand for canning and other uses in the fall.

Approximate Breakdown of Canadian Sugar Sales by Quarters

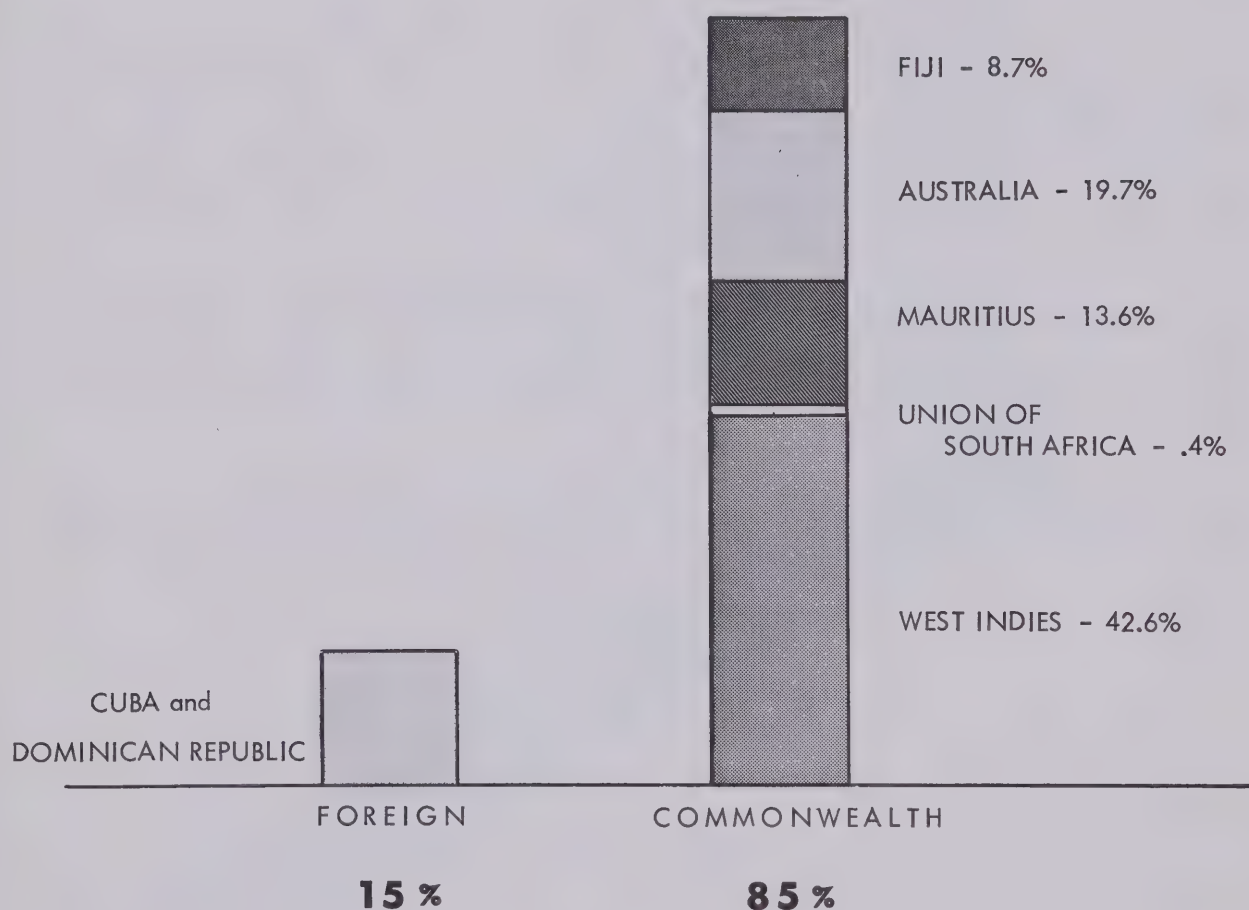
1st Quarter	20%
2nd "	25
3rd "	30
4th "	25

Industrial uses

Industrial sales of sugar are assuming an increasingly large portion of the total market for refined sugar. For instance in 1950 manufacturing sales accounted for 42.6 percent of the market while in 1959 industrial sales comprised 50 percent of a greatly expanded market. This is partially due to the trend to prepared fruit and vegetables, biscuits and bakery products as well as the increased consumption of carbonated beverages. However it is also partially due to the development of new uses for sugar. Sugar is one of the cheapest raw materials and is a practically pure carbohydrate. Sugar is being increasingly used as a raw material in the manufacture of medicines, chemicals, adhesives, alcohols, soaps, polishes and paper sizings. Experiments are being carried out which promise to give sugar an important part in the manufacture of detergents and plastics.

SOURCE OF RAW CANE SUGAR

for refinery purposes 1955 - 1959



Source: Dominion Bureau of Statistics

SUGAR SUPPLY

World sugar supply in 1960-61 is expected to reach 57.7 million tons, 8% above the 1959-60 period. About 90% of this sugar is committed to traditional purchasers who always buy about the same proportion of their requirements from the same producers. The so-called "world" price for raw sugar is established by approximately 10% of global production, and might be properly labelled as a surplus price. In past years Cuba has produced about one half of this "uncommitted" sugar and therefore it has been the price of Cuban raws which has dictated the "world" price of sugar. However, in recent years, other areas have supplied an increasingly large proportion of the uncommitted market. Due to the increased supply of uncommitted sugar from countries other than Cuba, the London market has taken an increasingly dominant part in trading of "world" sugar.

It was for this reason that in 1960, the new management of Canada and Dominion Sugar switched the basis of their pricing from the New York market for Cuban raw sugar to the London market, and so are now paying less for their raw sugar requirements than previously. Savings are reflected in the Company's refined sugar prices.

At the present time there is considerable pressure on the part of raw sugar producers to expand their markets, and therefore any decline in Cuban supply will have little effect on world prices. In fact, the world raw sugar market is again faced with oversupply. Cuba has negotiated with the Communist Block countries to take most of the sugar formerly sold in the United States. As a result some Communist sugar is available in the "world" market. In addition Cuba still has excess production which could be offered on the market at distress prices. For these reasons it is unlikely that there will be any shortage of sugar in world markets in the foreseeable future.

At the present time there is a differential tariff of \$1.00 per cwt. in favour of Commonwealth suppliers of raw sugar to Canadian refiners. This tariff is sufficient to give a higher than world price to the Commonwealth raw sugar suppliers by about 85¢ per cwt., and still make it advantageous for Canadian refiners to purchase Commonwealth raws. For this reason the major portion of the Canadian raw sugar market is supplied by Commonwealth producers. For instance in 1959 Cuba only supplied about 12% of the Canadian market. Canada and Dominion Sugar purchased more than 85% of its supplies from Commonwealth sources, primarily from the West Indies, Australia and Mauritius in the Indian Ocean.

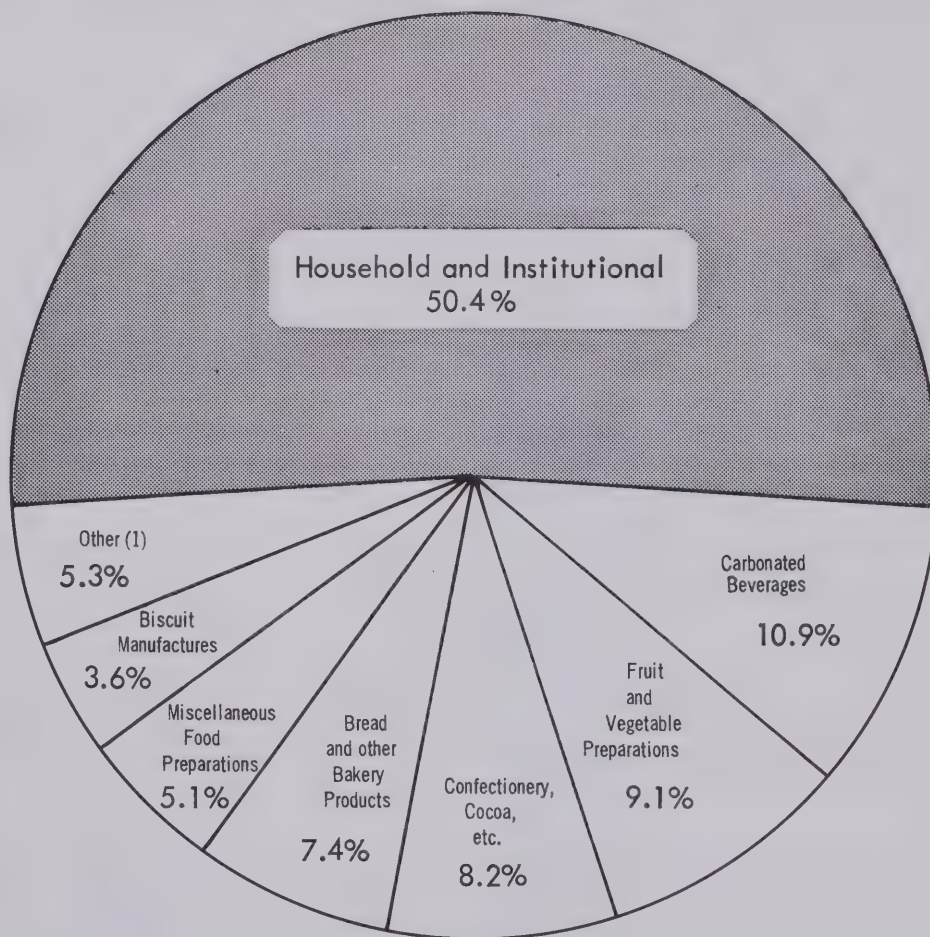
Canadian refined sugar prices at the present moment are among the lowest in the world. This, combined with a tariff on refined sugar (slightly higher than raw tariff, transportation costs and possible dump duties) has not made it advantageous to import refined sugar into the Canadian market in recent years. Some refined sugar was brought in a few years ago by industrial users, when "world" raw sugar prices paid by Canadian refiners were at higher levels.

SIMPLIFIED SCHEDULE OF TARIFFS

	TARIFF PER 100 LBS.	
	<u>Commonwealth Sources</u>	<u>Other Sources</u>
Raw Sugar - 96°	\$0.28712	\$1.28712
Refined Sugar	1.09	1.89

CANADIAN SUGAR CONSUMPTION

HOUSEHOLD - INSTITUTIONAL - INDUSTRIAL



(1) Includes butter and cheese; breakfast foods; condenseries; dairy products; ice cream; medicinal and pharmaceutical preparations; process cheese; breweries; wineries; etc.

Source: Dominion Bureau of Statistics

THE PRODUCTION OF REFINED CANE SUGAR

The sugar cane is a tropical plant of the bamboo family which is mainly grown in the tropical and semi-tropical areas of the Caribbean, Central and South America, Cuba, India, Java, Mauritius and Australia. Since the sugar cane stalks lose their sugar content at a fairly rapid rate, it is necessary to integrate cane cutting operations and processing operations fairly closely. At the mill the cane is crushed to a pulp in a series of rollers which liberate the juice. It is then treated chemically to remove the majority of the impurities, leaving a solution of approximately 80% water, 17% sugar and 3% other dissolved solids. The sugar is crystallized in a series of boilings under partial vacuum to leave a mass of sugar crystals in molasses. The molasses is then spun off in centrifugal machines leaving approximately 96% pure sugar which is the raw sugar of commerce.

The raw sugar is then transported to the marketing areas for further refining. There are several reasons for refining facilities being placed in marketing areas:

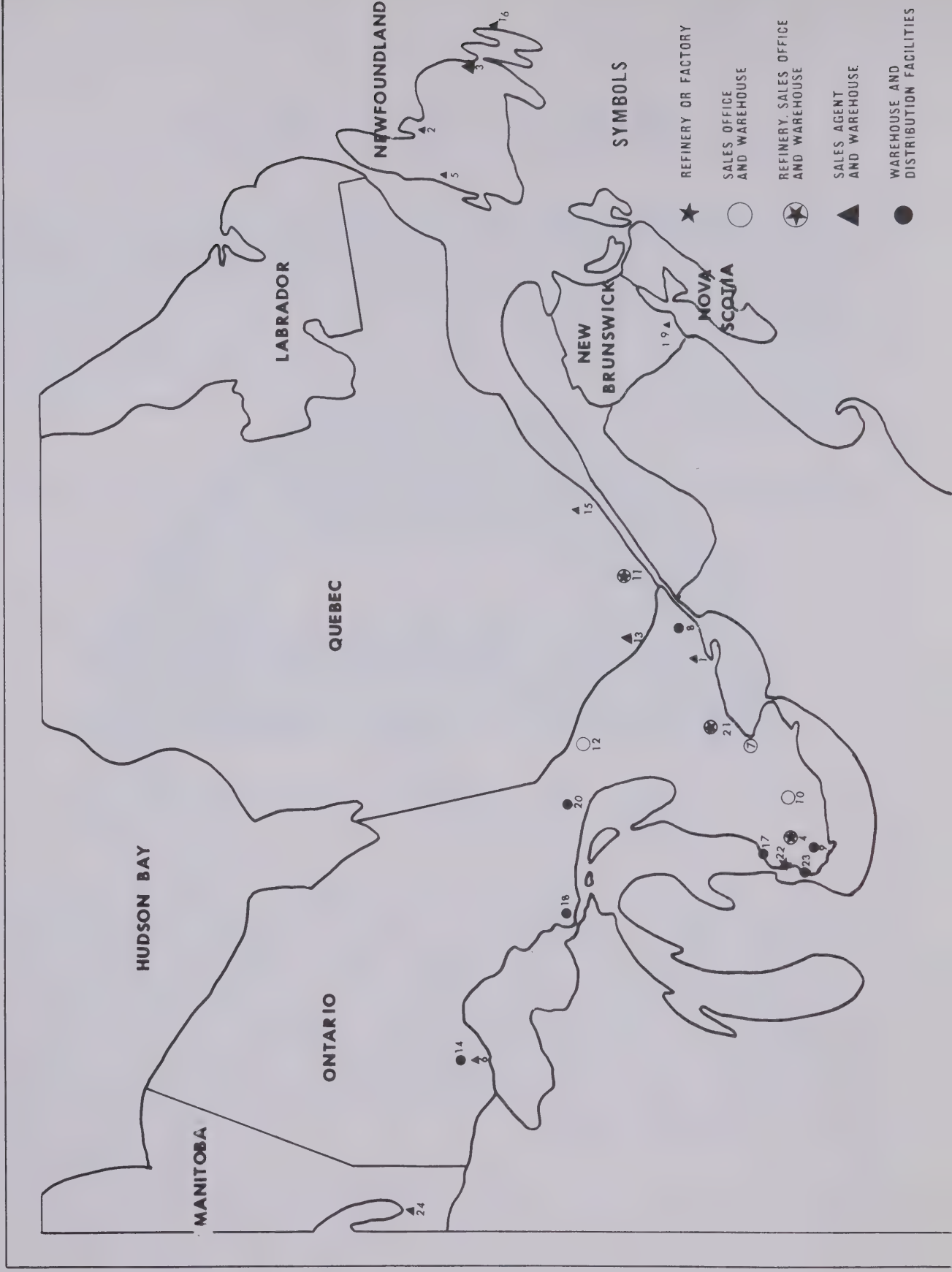
- (1) Most countries have tariff protection to encourage refining raw sugar within their borders.
- (2) Cane sugar is normally grown in the more politically unstable areas. Investors prefer to build costly refining facilities in politically stable countries which are usually the best marketing areas.
- (3) The cost of transporting bulk sugar is less than transporting refined sugar.
- (4) Having the refinery close to the market allows for changes in the product mix to meet changing market requirements and allows inventories of refined sugar.

Raw sugar is stored in bulk storage sheds at the refinery until required. It is then mixed in batches with an affination syrup which dilutes the molasses coating still clinging to the sugar crystals. The affination syrup is then spun off in centrifugal machines, thus separating the sugar and molasses. The sugar crystals are then spray-washed with pure water, melted, mixed with milk of lime, and carbon dioxide piped through the mixture. Resultant chalk traps impurities in the sugar syrup. The "Liquor" then passes through filters which trap the chalk and charcoal-filled tanks which remove any remaining impurities. The colourless solution left is "liquid" sugar which is sold to some bulk users. The refiner boils the "fine liquor" in batches to form crystals of sugar in syrup. The liquid is spun off and the sugar crystals are dried and screened for size and grade. The crystals are then ready for packaging, or storing in bulk silos.

LOCATION OF C & D REFINERIES, SALES OFFICES AND AGENTS

LEGEND

- 1 BELLEVILLE
- 2 BISHOP'S FALLS - Nfld.
- 3 CARBONEAR - Nfld.
- 4 CHATHAM - Head Office
- 5 CORNERBROOK - Nfld.
- 6 FORT WILLIAM
- 7 HAMILTON
- 8 KINGSTON
- 9 LEAMINGTON
- 10 LONDON
- 11 MONTREAL
- 12 NORTH BAY
- 13 OTTAWA
- 14 PORT ARTHUR
- 15 QUEBEC CITY
- 16 ST. JOHN'S - Nfld.
- 17 SARNIA
- 18 SAULT STE. MARIE
- 19 ST. JOHN - N.B.
- 20 SUDBURY
- 21 TORONTO
- 22 WALLACEBURG
- 23 WINDSOR
- 24 WINNIPEG



CANADA AND DOMINION SUGAR COMPANY LIMITED

Production Facilities

Canada and Dominion Sugar Company operates two cane sugar refineries, one in Toronto and one in Montreal. The Company also operates a sugar beet factory at Chatham, Ontario and owns another factory at Wallaceburg, Ontario which was closed during the 1960 growing season.

TORONTO REFINERY

In 1959 the Company completed a new refinery on the Toronto waterfront with an initial capacity of 1,300,000 lbs. daily of refined cane sugar but with buildings designed to accomodate machinery to produce substantially more as population demand increases. Finest and most modern in Canada, the refinery is the first in North America in 25 years to be designed and equipped as a completely integrated unit.

The plant has a total floor area of approximately 310,000 square feet. It contains an estimated 35 miles of installed piping, ranging from big scale conduits to wire thin copper tubing. The plant generates most of its own power, re-uses the steam generated for production processes and then employs it for plant heating.

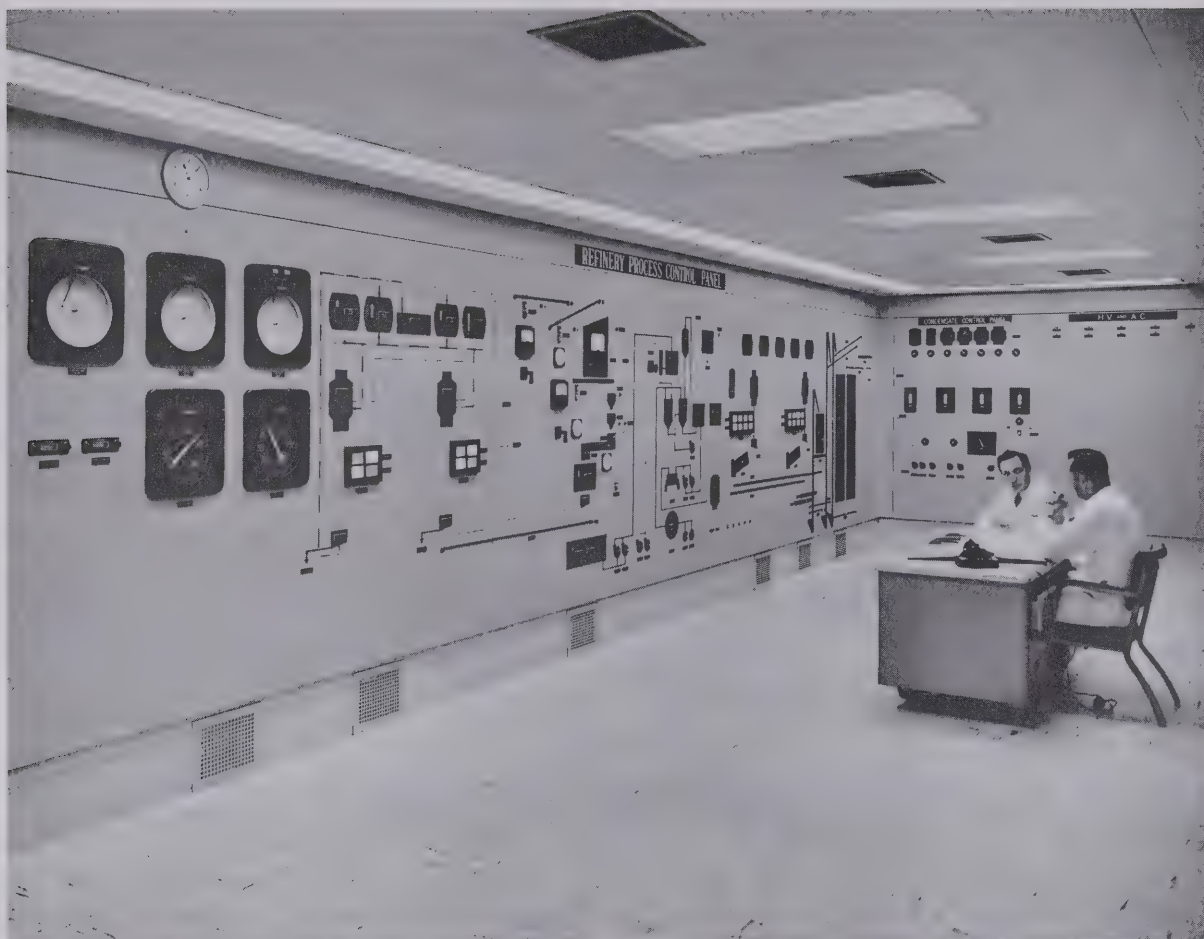
A raw sugar bulk storage warehouse adjacent to the refinery has a capacity of 80,000 tons. Two silos provide storage capacity of 20,000,000 lbs. of bulk refined sugar. The packaging and refined sugar storage buildings provide additional storage facilities.

The refinery was designed by the Company's engineering staff, collaborating with technicians of Tate & Lyle, Limited of London, England, and incorporates the most advanced refining processes.

MONTREAL REFINERY

Since World War II Canada and Dominion Sugar Company Limited has completely re-modernised its Montreal refinery. The present Redpath refinery, located on the Lachine Canal at Montreal, has a daily capacity of 2,500,000 lbs. of refined cane sugar. In 1950 the Company became the first cane sugar refiner in North America to install a continuous carbonation system to improve further the quality of its refined sugars. In 1954 the first Herreshoff char kiln in Canada was installed in the refinery. A second char kiln was installed in 1957. In 1959 16 new yellow char filters were installed and major renovations and replacement undertaken in the boiler house.

A raw sugar bulk storage warehouse located at the refinery has a capacity of 40,000 long tons. The Company has warehouse facilities to store 30,000,000 lbs. of packaged refined sugar. In addition, two silos provide storage capacity of 15,000,000 lbs. of bulk refined sugar.



Refinery Process Control Room - Toronto Refinery

The main control panel is the nerve centre of the refinery. Electronic controls operate remote equipment, regulate smooth flow of materials, and show the status of plant operations.

BEET SUGAR FACTORIES

The Company owns beet sugar factories at Chatham and Wallaceburg, Ontario. Due to low sugar prices in 1960 it was only possible to operate the Chatham factory.

The Chatham factory has a daily slicing capacity of 3,400 tons of sugar beets. Warehouse and silo facilities have a storage capacity of 20,000,000 lbs. of packaged refined sugar and 30,000,000 lbs. of bulk refined sugar, respectively.

The Wallaceburg factory has a daily slicing capacity of 2,800 tons of sugar beets. The factory has warehouse facilities for 30,000,000 lbs. of packaged refined sugar.

THE BEET SUGAR INDUSTRY IN SOUTH WESTERN ONTARIO

For many years Canada and Dominion Sugar has provided a market for the sugar beets grown in South-Western Ontario, and has done much to promote the industry. Beet sugar and refined cane sugar are exactly similar products and normally compete in the same markets. The so-called "world" raw sugar price is really a surplus price and is not related to actual costs of production in the tropics. The present depressed values influence Canadian cane refined sugar prices, against which beet sugar must compete. In recent years the low prices of refined beet sugar have not produced sufficient revenue to adequately remunerate the Ontario processor and growers.

In the annual report for the year ended March 31, 1960 Hon. G. B. Foster, President of Canada and Dominion Sugar Company Limited stated -

"The Company is conscious of its responsibility to the beet sugar industry of Ontario. Many hundreds of small farmers depend on the growing of sugar beets and would find it difficult to change over rapidly to an alternative crop, but the farmers cannot expect Canada and Dominion shareholders to continue indefinitely to subsidize what is proving to be an un-economic industry. In times of high sugar prices, such as existed during the Korea and Suez crises in 1951 and 1957, the beet operations of Canada and Dominion showed a profit, but over the past seven years, even including the high price period following Suez, the operations resulted in a loss to the Company.

Your Directors have instituted conversations with Government authorities in an endeavour to find a solution to this problem. In the meantime, contracts for sufficient acres have been made for the 1960 crop to operate one beet factory only and the Wallaceburg plant will therefore be closed this year".

1961 Stabilization

After lengthy discussions with the Federal and Provincial Governments, a plan for stabilizing Ontario sugar beet prices has been evolved for one year only. The Company is paying \$0.50 a ton of beets less than in 1960 and again will operate the Chatham factory only. This will permit even more efficient operation than in 1960 which, in turn, was an improvement over 1959.

On March 2, 1961, Honourable Donald Fleming, Minister of Finance, announced stabilization of Ontario growers' prices at \$13 per ton. He paid tribute to the co-operation of the Company and the Provincial Government which made this solution possible.

Company officials are hopeful that a national sugar beet plan will be evolved to preserve the Ontario beet sugar industry at levels profitable to Company and growers.

Contracting for 1961 sugar beets has started and early reports indicate a full operation of Chatham factory is assured.

CANADA AND DOMINION SUGAR COMPANY LIMITED

HISTORY AND GROWTH

The founding and growth of Canada's largest sugar refining company forms an important part of the history of Eastern Canada. From the establishment of the first Redpath refinery on the banks of the Lachine Canal in 1854, to completion of the Toronto refinery on the St. Lawrence Seaway in 1959, Canada and Dominion Sugar has played a leading role in Canada's economic development.

Over the years Canada and Dominion Sugar has been in the forefront of the industry in technical progress, production, marketing innovations and service to customers.

The original refinery, constructed by John Redpath, had an initial capacity of 30,000 pounds of refined sugar daily and at the time was the largest factory in Montreal, employing some 100 workers. The modern Redpath refinery of today, still located at the original site, has expanded beyond the fondest visions which could have been entertained by the founder, with its capacity of 2,500,000 pounds, or nearly 100 times that of the original plant.

As one of the first industrial plants in Montreal, the Canada and Dominion Sugar refinery has long been a landmark in the centre of the city and paved the way for development of Montreal from a commercial city to an industrial centre. By the turn of the twentieth century the plant had been expanded to 420,000 pounds daily. In 1908 a new plant was erected on the old site and capacity was increased to 1,000,000 pounds of refined sugar per day. In 1930 the Company merged with Dominion Sugar Company Limited, which operated beet sugar factories at Wallaceburg and Chatham, Ontario to form the Company under its present name "Canada and Dominion Sugar Company Limited".

Since that time further technological improvements and additional construction have increased the Montreal refinery's capacity to 2,500,000 pounds of refined sugar per day and the beet sugar facilities to a capacity of 6,200 tons of beets sliced per day.

Up until the mid 1950's all cane sugar refining facilities were located near tide-water where raw sugar could be delivered directly to the refinery by ship. The construction of the St. Lawrence Seaway opened up the Great Lakes to ocean-going vessels and promised substantial savings for water-borne transport. At the time, Canada and Dominion Sugar foresaw the advantages of locating a refinery in the centre of their marketing area and plans were made to build on the Toronto waterfront.

In 1956, construction was started on a new refinery in Toronto with an initial capacity of 1,300,000 lbs. daily but with buildings designed to permit very substantial expansion. The refinery was designed by the Company's engineering staff in collaboration with technicians of Tate & Lyle, Limited.

The plant, the only cane sugar refinery between Montreal and Vancouver, and incorporating the most advanced refining processes, was brought into production in May, 1959. With its new Toronto refinery to serve the growing central Canadian market, Canada and Dominion Sugar Company Limited has achieved another in its long line of "firsts" in the Canadian sugar business.

MANAGEMENT

BOARD OF DIRECTORS

HON. G. B. FOSTER, Q.C.

Montreal, Que.

President, Canada and Dominion Sugar Company Limited. Director,
The Canadian Bank of Commerce, Montreal Trust Company, Noranda
Mines, Limited.

J. O. WHITMEE, ESQ.,

Montreal, Que.

Managing Director, Canada and Dominion Sugar Company Limited.
Director, Tate & Lyle, Limited, Tate & Lyle Investments Ltd.,
Silvertown Services Ltd.

C. J. COYLE, ESQ.,

Delray Beach, Fla.

Retired Vice-President, Canada and Dominion Sugar Company Limited.

G. E. ELLSWORTH, ESQ.,

Toronto, Ont.

President, The Toronto Iron Works Limited, Central Bridge Company
Limited. Director, Chartered Trust Company.

HON. WILFRID GAGNON,

Montreal, Que.

Chairman, Banque Canadienne Nationale, Dow Brewery Ltd. Vice-
President and Director, Canadian Dredge and Dock Co. Ltd. Vice-
President, Alliance Mutual Life. Director, Canadian Breweries Ltd.

W. C. LAIDLAW, ESQ.,

Toronto, Ont.

Chairman, R. Laidlaw Lumber Co. Ltd. Director, The Consumers'
Gas Company, Confederation Life Association, Toronto General Trusts
Corp., Canada Malting Co. Ltd.

SIR IAN D. LYLE

London, Eng.

Chairman, Tate & Lyle Limited, Tate & Lyle Investments Ltd., and
Silvertown Services Ltd.

J. PEMBROKE, ESQ.,

Montreal, Que.

President, The Royal Trust Company. Director, The Bank of Montreal,
Russell Industries Ltd.

MANAGEMENT
(cont'd)

PETER RUNGE, ESQ.,

London, Eng.

Chairman, West Indies Sugar Co. Ltd., Caroni Ltd. Director, Tate & Lyle Limited, Tate & Lyle Investments Ltd., Silvertown Services Ltd.

HOWARD SMITH, JR.

Detroit, Mich.

President and Secretary, LaSalle Building Corporation.

OFFICERS

HON. G. B. FOSTER, Q.C.

President

J. O. WHITMEE

Managing Director

W. H. PUNCHARD

Vice-President

R. R. PORTEOUS

Vice-President

M. W. DAVIDSON

Vice-President

F. N. WILSON, C.A.

Treasurer

R. G. BROWRIDGE, C.A.

Asst. Treasurer

J. E. WOOD

Secretary

APPENDIX

FINANCIAL STATEMENTS

APPENDIX I

CANADA AND DOMINION SUGAR COMPANY LIMITED

Miscellaneous Financial Information, Latest 7 Fiscal Periods

		Fiscal period ended <u>September 30</u> <u>1960</u> (6 months)	Fiscal period ended <u>March 31</u> <u>1960</u>
Number of Shares Outstanding End of Fiscal Period	- shs.	1, 550, 000	1, 550, 000
Net profit or (loss)	- \$	728, 434	(995, 309)
Per share	- \$	0.47	-
Cash Applicable to			
Common shares (1)	- \$	2, 122, 100	753, 433
Per share	- \$	1.37	0.49
Depreciation Claimed	- \$	693, 666	1, 548, 742
Per share	- \$	0.45	1.00
Net Worth (2)	- \$	24, 986, 276	24, 012, 342
Equity per share	- \$	16.12	15.49
Price Range - fiscal periods	- \$	18-13 $\frac{1}{2}$	25-14 $\frac{1}{4}$
Price Earnings Ratios			
at High - times		N. A.	-
at Low - times		N. A.	-
Dividend - calendar years	- \$	0.60	0.60
Percentage Payout	- %	N. A.	-

NOTES:

1. Net profit, add back depreciation and tax reductions applicable to future years.
2. Total assets, with government bonds at market value, less current liabilities and funded debt at par. Tax reduction applicable to future years (September 30, 1960 - \$1,650,000; March 31, 1961 - \$950,000; March 31, 1959 - \$750,000) have not been considered to be a reduction of net worth.

APPENDIX I

CANADA AND DOMINION SUGAR COMPANY LIMITED

Miscellaneous Financial Information, Latest 7 Fiscal Periods

Fiscal period ended March 31				
<u>1959</u>	<u>1958</u>	<u>1957</u>	<u>1956</u>	<u>1955</u>
1, 550, 000	1, 550, 000	1, 550, 000	1, 550, 000	1, 500, 000
1, 737, 087	1, 739, 776	2, 087, 720	2, 077, 957	1, 976, 062
1.12	1.12	1.35	1.34	1.32
3, 385, 371	2, 508, 971	2, 875, 796	2, 925, 014	2, 848, 369
2.18	1.62	1.86	1.89	1.90
898, 284	769, 195	788, 076	847, 057	872, 307
0.58	0.50	0.51	0.55	0.58
5, 724, 926	25, 369, 028	25, 324, 164	25, 186, 482	24, 118, 300
16.60	16.37	16.34	16.25	16.08
27 $\frac{1}{8}$ -23	24-20	25 $\frac{1}{4}$ -20	25-19 $\frac{1}{4}$	22 $\frac{1}{2}$ -18 $\frac{1}{2}$
24.2	21.4	18.7	18.7	17.0
20.5	17.8	14.8	14.4	14.0
0.75	1.20	1.20	1.20	1.00
67	107	89	89	76

APPENDIX II

CANADA AND DOMINION SUGAR COMPANY LIMITED

Statement of Consolidated Earnings for the Latest 7 Fiscal Periods

	Fiscal period ended September 30 <u>1960</u> (6 months)	Fiscal period ended March 31 <u>1960</u>
Consolidated operating profit before deducting depreciation debenture interest and taxes on income	\$ 2,482,914	\$ 67,288
Provision for depreciation	693,666	1,548,742
Interest on debentures	<u>170,718</u>	<u>344,735</u>
Consolidated operating profit or (loss) before deducting taxes on income	\$ 1,618,530	(\$ 1,826,189)
Income from investments and debenture redemption profits	<u>9,904</u>	<u>30,880</u>
Consolidated profit or (loss) before deducting taxes on income	\$ 1,628,434	(\$ 1,795,309)
Reduction in previous years taxes		800,000
Provision for taxes on income	<u>900,000</u>	<u> </u>
Consolidated net profit or (loss)	<u>\$ 728,434</u>	<u>(\$ 995,309)</u>

NOTE: (1) All fiscal periods are for 12 months except for the period ended September 30, 1960 which covers a 6 month period only.

APPENDIX II

CANADA AND DOMINION SUGAR COMPANY LIMITED

Statement of Consolidated Earnings for the Latest 7 Fiscal Periods

Fiscal period ended March 31

<u>1959</u>	<u>1958</u>	<u>1957</u>	<u>1956</u>	<u>1955</u>
\$ 4,329,121	\$ 3,885,096	\$ 4,526,308	\$ 4,434,658	\$ 4,406,172
898,284	769,195	788,076	847,057	872,307
<u>241,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 3,189,497	\$ 3,115,901	\$ 3,738,232	\$ 3,587,601	\$ 3,533,865
<u>97,590</u>	<u>163,875</u>	<u>179,488</u>	<u>170,356</u>	<u>172,197</u>
\$ 3,287,087	\$ 3,279,776	\$ 3,917,720	\$ 3,757,957	\$ 3,706,062
<u>1,550,000</u>	<u>1,540,000</u>	<u>1,830,000</u>	<u>1,680,000</u>	<u>1,730,000</u>
<u>\$ 1,737,087</u>	<u>\$ 1,739,776</u>	<u>\$ 2,087,720</u>	<u>\$ 2,077,957</u>	<u>\$ 1,976,062</u>

APPENDIX III

CANADA AND DOMINION SUGAR COMPANY LIMITED

Consolidated Balance Sheet as at September 30, 1960

ASSETS

Current Assets:

Government of Canada bonds - at cost plus accrued interest (market value \$522,400)	\$ 528,875
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Accounts receivable (less allowance of \$62,000 for possible credit losses)	2,364,562
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Inventories:

Sugar - Note 1	8,933,259
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Supplies - at lower of cost or market (less allowance of \$200,000 for possible losses)	1,328,954
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Prepaid expenses	528,938
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Income taxes recoverable	<u>320,313</u>
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Total current assets	<u>\$14,004,901</u>
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Investments - at cost	<u>\$ 428,835</u>
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Fixed Assets:

Land, buildings, plant and equipment - at cost	\$38,216,511
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Less accumulated depreciation	<u>15,102,996</u>
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	<u>\$23,113,515</u>
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	<u><u>\$37,547,251</u></u>
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APPENDIX III

CANADA AND DOMINION SUGAR COMPANY LIMITED

Consolidated Balance Sheet as at September 30, 1960

LIABILITIES

Current Liabilities:

Due to bankers	\$ 4,305,617
Accounts payable and accrued charges	1,429,883
Sinking fund instalment due within one year	<u>125,000</u>

Total current liabilities	<u>\$ 5,860,500</u>
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Tax Reductions Applicable to Future Years - Note 2	<u>\$ 1,650,000</u>
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5% Sinking Fund Debentures - due July 15, 1978	\$ 6,819,000
Less sinking fund instalment due within one year (included with current liabilities)	<u>125,000</u>

\$ 6,694,000

Shareholders:

Capital -

Authorized:

3,000,000 shares of no par value

Issued:

1,550,000 shares

	\$14,800,000
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Distributable surplus set aside on organization of company	1,000,000
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Earned surplus	<u>7,542,751</u>
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\$23,342,751

\$37,547,251

NOTES TO CONSOLIDATED BALANCE SHEET

September 30, 1960

1. As indicated in the last annual report, the Company, during the six month period ended September 30, 1960, changed the basis of valuation of inventories of sugar from the lower of cost or market to the base stock method. Consequently, at September 30, 1960, the carrying value of these inventories has been determined by applying a basic value, which is lower than cost or market, to a fixed tonnage of raw sugar equivalent and by pricing the remainder at the lower of cost or market.

Due partially to price increases in the raw sugar market, inventories at September 30, 1960, if priced on the basis used at March 31, 1960, would have been carried at a higher value than that which result from the use of the base stock method which, as stated in the last annual report, is designed to eliminate, as far as possible, the effect of market fluctuations upon trading results. Had this higher value been placed on inventories at September 30, 1960, the reported net profit for the six month period would have been approximately \$400,000 greater than that shown in the accompanying statements.

2. While income taxes charged against income for the six month period amount to \$900,000, taxes payable in respect of the period amount to approximately \$200,000. The difference of \$700,000, which results from claiming for tax purposes capital cost allowances in excess of depreciation recorded in the accounts of the Company, has been added to "Tax reductions applicable to future years" shown in the balance sheet, and is applicable to those future periods when depreciation recorded in the accounts will exceed the amounts that may be claimed for tax purposes.

March
1961



PRODUCTS

Canada and Dominion Sugar manufactures the most complete line of sugars of any company in Canada.

Forty-two different varieties are marketed in Eastern Canada, including:

- ▲ GRANULATED SUGARS
- ▲ ICING SUGARS
- ▲ TEA CUBES
- ▲ POWDERED FRUIT SUGARS
- ▲ COFFEE CRYSTALS
- ▲ YELLOW SUGARS
- ▲ BROWN SUGARS
- ▲ LIQUID and BULK
GRANULATED SUGARS

By-products from the Company's operations include molasses, and dried beet pulp.



DOMINION SECURITIES COMPANY

Members

The Toronto Stock Exchange
Montreal Stock Exchange
Canadian Stock Exchange

Members through affiliate

American Stock Exchange
(Associate)

*Orders for listed stocks executed at regular rates
of commission on all stock exchanges.*